FEDERATION EUROPEENNE DES EMPLOIS DE LA FAMILLE

EUROPEAN FEDERATION FOR FAMILY EMPLOYMENT & HOME CARE

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MAY 2018

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■ European policy framework

1. **BUDGET EUROPEEN: the European Commission publishes its proposal and tackles, as expected, the CAP and Cohesion Policy**

What you must remember

1. After weeks of negotiations, the Commission published on May 2nd its proposal for the future multiannual financial framework 2021-2027. It offers more money on research or migrants for the EU budget after 2020. But it cuts into the common agricultural policy and regional funds. As expected, the EU executive also suggests to link EU funding to EU values.

2. The European executive is rather ambitious. The total budget in current euros (ie taking into account inflation) amounts to almost 1,279 billion euros over the period, compared to 1,026 billion euros for 2014-2020. And this, despite the Brexit. This future budget, at 27 after the departure of the British, represents 1.11% of the gross domestic product (0.98% for 2014-2020).

- **A NEW MECHANISM ON THE RULE OF LAW**

This new system could restrict the allocation of EU funds to Member States that do not respect the principles of the rule of law or endanger the sound management of European money. A measure cut against Poland or Hungary.
It is for the Commission to propose the initiation of such a mechanism and the proposal can only be rejected by the Council if it decides by a qualified majority (via the reversed qualified majority procedure).

- **RESEARCH AND CONTROL OF FRONTIERS ON THE RISE …**

The big winners are migration funds and external border control (from € 13 billion to € 33 billion) or the future Horizon 2020 research program (from € 77 billion to € 100 billion).
Other measures are also confirmed, such as the $ 13 billion fund for defense research or the doubling of the Erasmus mobility program envelope ($ 30 billion).
Digital investments are also expected to reach € 12 billion through guarantees and other financial instruments.

- **THE TWO MAJOR POSITIONS OF EXPENDITURE IN DANGER?**

Although they still represent more than 60% of expenditure, the Common Agricultural Policy (CAP) and regional policy are the losers of this budget proposal.
With 365 billion euros over 7 years, the CAP is planed by 5%. Direct aid to farmers would fall by 4%, which is an "unacceptable" measure for France.
According to a French source, this 5% decrease could result in a decrease that would go up to 17% by counting inflation. On regional policy, the budget proposal expects a decline of 7% to 242 billion.
If France and the countries of Central and Eastern Europe will try to correct the proposals of the Commission, Northern European countries will seek instead to maintain or strengthen these cuts.

- **THE END OF REBATES?**

The Commission also proposes not to renew the German, Dutch, Swedish, Danish and Austrian budget rebates.

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***Contact**: Aude BOISSEUIL, Déléguée Générale, +336 26 08 21 66*

These rebates of their national contributions were linked to the British rebate history - which will stop mechanically in December 2020. They should gradually disappear from 2021 to 2026.
Already, Dutch Prime Minister Mark Rutte has said that the contribution of the Netherlands was too high for his taste.

- **STRUCTURAL REFORMS AND BUDGET OF THE EURO AREA**

The Commission puts on the table the creation of a new fund of 25 billion euros. It must provide technical and financial support to the capitals during the implementation of the structural reforms of the European Semester and technically assist aspiring European countries to adopt the single currency.
Another novelty, 30 billion would be dedicated to a European investment stabilization mechanism, which would help maintain investment levels in the event of economic turbulence.
A budget avatar of the euro zone - so much desired by France - in the European budget, as proposed by Jean-Claude Juncker, the president of the Commission, in September 2017.

- **A BUDGET BEFORE THE ELECTIONS?**

According to the Commission's provisional timetable, the new programs linked to budget announcements will be presented in detail at the beginning of June. This is the next step in understanding and evaluating the cuts proposed by the Commission, which countries would be most affected, etc.
Jean-Claude Juncker believes that Member States and the Parliament should "in the interest of all" agree on the future budget before the European elections of May 2019.
A calendar very difficult to hold because budget negotiations require the unanimity of the Member States and the agreement of the MEPs.
But the Commission wants to avoid a budget compromise at the last minute. During the negotiations on the 2014-2020 framework, the final agreement was reached at the end of 2013, which prevented some of the programs from being operational by 1 January 2014.

2. EUROPEAN BUDGET: Commission proposals give mixed reactions to the European Parliament

The EPP Group is relatively satisfied with the Commission's announcements for the future European budget, made on May 2nd. The European right supports the increase of the budget for research, climate protection and the Erasmus program, as well as the allocation of funds for defense and security. The EPP is concerned, however, about the cuts proposed for the CAP and cohesion policy. The ALDE Group welcomes the gradual end of the budget reductions granted to certain Member States and the conditioning of funds to respect the rule of law. It regrets, however, that the Erasmus program has not been tripled. The S & D and Green groups regret a lack of ambition in social, environmental and new proposed own resources.
The GUE and the Greens also denounce the funds allocated to European defense.

Parliament will vote on a resolution on the draft financial framework 2021-2027. The EPP and S&D groups are at the initiative of a draft resolution that will be put to the vote in plenary the week of May 28. They hope to rally the ALDE (liberals) and the Greens. The MEPs want to conclude the negotiations before the European elections in May 2019. To do this, they hope that Member states will adopt their position next January at the latest. The S&D and EPP co-rapporteurs will present their draft report to the Committee on Budgets in October, in order to take into account the presentation of future sectoral programs such as the CAP or regional

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policy. These will have to be concluded in 2020 to start from 2021, hope the MEPs. The target of 1.3% of EU gross national income for the next multiannual financial framework is maintained. MEPs argue that the new priorities identified by the Commission must be financed by new resources. The co-rapporteurs are also skeptical about the use of the European budget to sanction violations of the rule of law, as proposed by the Commission.

3. EUROPEAN BUDGET: Critical reactions from several Member States to Commission proposals

A very large majority of Member States disagrees with the Commission's proposals on the Multiannual Financial Framework 2021-2027. Only Italy, Slovenia and the Czech Republic are satisfied with the announcements made on May 2nd. Just like Germany, which does not want to represent an obstacle in the negotiations to come. The reduction of the budgets allocated to the CAP and the regions, the conditioning of funding to the respect of the rule of law, or the increase of the national contributions constitute nevertheless as many contested subjects for the other Member States. Unless there is a "strong political impetus" at the June European Council, negotiations between capitals will be tough.

France, through the Minister of Agriculture, Stéphane Travert, denounced a "drastic, massive and blind, simply unthinkable decline" of the CAP. For Austria, the proposal is "far from acceptable" as it stands, but modernization efforts have been made for more focused and effective European action. Denmark is calling for a reduced budget compared to the 2014-2020 period due to Brexit.

The Dutch Government, for its part, deplores an unfair proposal and is worried about the gradual end of the rebates as proposed by the Commission.

4. CARE WORKERS : the EESC on a mission to Italy to explore the situation of care workers

- **ON MAY 16TH AN IMPORTANT CONFERENCE WAS HELD AT THE CNEL, THE ITALIAN COUNCIL FOR ECONOMICS AND LABOUR**

An international meeting was held to investigate the Italian situation and understand the strengths and weaknesses of one of the most controversial professional figures in the European employment scene, much in demand yet invisible: live-in workers who provide personal care and assistance. As a matter of fact, millions of families in Europe and in Italy entrust their elderly, sick or disabled relatives to Carers on a daily basis. To address their 'future', the EESC, the European Economic and Social Committee, dedicated an explorative mission that took place on Wednesday, May 16, 2018 at the National Council of Economy and Labor (CNEL) headquarters in Rome. The opportunity succeeded in launching a comprehensive discussion among all stakeholders to explore a continually growing phenomenon throughout Europe, focusing on the working conditions of workers as well as on the quality of services offered.

Spanning from a European perspective with the illustration of the policy documents adopted since 2016 (the Parliament Resolution on Domestic Workers and Carers in the EU and the EESC own-initiative opinion on the 'Rights of Live-In Care Workers '), to the analysis of the peculiar Italian situation, its primacies and unfavorable tax system. Indeed, according to the latest estimates, although the Belpaese accounts for more than 2.5 million families relying daily on the help of a domestic worker (including carers), the numbers referring to irregular work mark

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another, albeit negative, primacy with about 1 million 250 thousand domestic workers being hired under the table.

A phenomenon partially 'fueled' by unfavorable fiscal conditions for domestic employers in Italy: at the present time, families cannot deduct the full cost of contributions and salaries of domestic workers, care workers and babysitters. Therefore families, who are already forced to act in the place of State assistance are often called to bear costs that are above their economic possibilities, especially when it comes to hiring a live-in care worker. This explains why resorting to irregular work can be, at times, a condemnable yet necessary solution. Assindatcolf focused on these issues, bringing the point of view of Italian employers to the European table, also in light of the current political situation and future government.
"It will be even more interesting – according to Andrea Zini, vice president of Assindatcolf and EFFE, - to gain insight on what is happening in other European countries, where the investigation has already been completed. In particular, it will be useful for everyone to know the outcome of the London and Berlin meetings as their interpretation is likely to influence the undertakings of the Commission and the European Parliament. We are convinced that an understanding of the phenomenon revolves around specific nodal points: aging population, falling birth-rate, residency, life-work hours, training, home automation and robotics. We look forward to the conclusions of this project and to the EESC's final reports as we go along with the drafting of our White Paper on Domestic Work in Europe ".

■ Social Europe

5. AGING: Study says more than 18% of people aged 65 and over risk falling into poverty in the EU

On 30 April, the Commission published the figures in the Pensions Adequacy report, according to which 17.3 million people aged 65 and over risk falling into poverty and / or social exclusion. It is about 18.2% of the European population. This rate varies from around 9% for Luxembourg and Denmark to 46% for Bulgaria. This poverty rate is even higher for women (18.5% versus 14.8% for men), self-employed or those working on typical contracts. The next study of this type is expected to be published by 2021.

The study is in two volumes 1 and 2

6. EMPLOYMENT: German SPD party proposes European Labor Minister

This politician would have the mission to give a face to the employment policy in the EU. The idea comes from the response of the SPD commission of reflection, published these last days without much noise, to the proposals of Emmanuel Macron. Its members want the European Labor Minister to defend the primacy of social rights contained in the Charter of Fundamental Rights on the rules of the single market.

This document is available here

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7. WORK LIFE BALANCE : France opposes better paid parental leave

WHAT YOU MUST REMEMBER

1. The "work-life balance" directive proposes that each parent, at the birth of a child, be entitled to four months of paid leave up to the level of sickness benefits. France strongly opposes it.

France, since the election of Emmanuel Macron, had a rather progressive and perfectly social-democratic speech, on a European scale: social and fiscal convergence, creation of a super-minister of finance and a consequent budget for the Euro Zone ... the progress that has been demanded by the center-left of Europe for years.

However, in recent weeks, France has a much less social vision in community bodies. It is one of many countries blocking any progress in the discussions on the Directive on "work-life balance of parents and carers", proposed by the European Commission in 2017. It has even taken the lead of the sling against one of the provisions of this text, on a European harmonization of parental leave.

The directive proposes that both parents, at the birth of a child, be entitled to a period of four months of leave, not transferable from one to the other and, above all, remunerated, at least up to the amount of the allowances disease in their country. Leave may also be taken in a fragmented or part-time manner. Until the 12 years of the child. The goal is to get out of the current pattern or it is the women who, first and foremost, take these leaves, for the moment not paid too much. The choice often weighs on their career and hampers social evolutions, especially the sharing of male-female tasks in the homes.

In France, parental leave is only very poorly paid, much less than the level of sickness benefits (less than 400 € per month, compared with an average of 950 € for sick leave). This is precisely why a small number of French fathers benefit from their parental leave (only 4%, according to a 2016 OECD study). The implementation of the directive would therefore have a significant cost on the French finances, which the government is not ready to assume for the moment. The French Minister of Labor, Muriel Pénicaud, assures that "France is absolutely for a directive on parental leave". But "it is not in Brussels that we must decide in detail how it should work country by country".
France is certainly not alone in opposing this draft directive: 13 other countries (including Germany, Spain, Italy, etc.) are blocking its adoption for the moment. While this text is, for many, the only concrete translation of the "European base of social rights" that the leaders of the Union, including France in the lead, adopted in November 2017, at a "social" summit in Gothenburg.

- **RESISTANCE OF MEMBER STATES ON THE SOCIAL**

Social issues have for a long time been met with strong resistance from Member states, who refused to give up their sovereignty in this area. In 2015, the draft directive on maternity leave had been dropped after almost seven years of fruitless discussions in the Council. MEPs fear that the "work-life balance" directive will suffer the same fate.
States have yet to try to agree on this text at a Council of Ministers of Social Affairs (EPSCO). This one has for the moment been moved from June 21st to mid-July.

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■ European Funding

8. JUNCKER PLAN: The European Commission is preparing the second phase

What you must remember

1. Launched in 2015, the European Fund for Strategic Investments (EFSI or Plan Juncker) aimed to inject an additional € 315 billion of investment into the European economy. The scheme, with an initial capital of 21 billion, operated through a leverage effect. The plan was extended in 2017, aiming for a total investment of 500 billion euros.

2. Convinced by the success of the financial instruments, the European executive is considering a new tool for the next budget. With an initial guarantee of € 15.2 billion, the future scheme, which aims to bring together all existing funds, would give a more central role to the Commission - and more marginal to the EIB.

Since its launch, European political actors have been repeating it: the European budget is even more effective when it serves as a lever to mobilize private investment. And the EFSI helped fund projects that would never have seen the light of day.

Building on this success, the Commission announced on May 2 that it would propose a successor for the period 2020-2027. His name: InvestEU. The details are still unclear (they are expected June 6) but we already know the basic features: the instrument will benefit from an initial guarantee of 15.2 billion euros and will seek a total investment of 650 billion.

- **THE COMMISSION AT THE CENTER OF THE GAME**

A major innovation, the new scheme should give a more marginal role to the European Investment Bank (EIB). It will indeed be the European Commission that will have control of the scheme and will be able to approve projects from the EIB or directly from National Investment Banks.

Reaching out to the Commission is about better transitioning from existing programs. The future instrument will have to bring together all the financial tools already present in the European framework, and in particular those made available to SMEs in Horizon 2020, Cosme or the European Investment Fund.

The way in which the current programs (H2020, Cosme, etc.) will fit into the future device remains as yet unknown. Especially if there will be quotas for each program in InvestEU, or simply a right of scrutiny of the DGs who manage them on the instrument. Answer early June.

9. STRUCTURAL FUNDS: evolution of the categorization of regions and simplification of post-2020 management and control rules

- **THE CATEGORIZATION OF REGIONS IS EVOLVING**

The ERDF, the ESF and the Cohesion Fund will be able to intervene in all regions of the EU but, according to a draft regulation dated 20 April, the Commission would only consider two categories of regions in the future (art. 105 and 106): less developed regions and more developed regions, classified according to their GDP per capita. In this case, transition regions would no longer form a specific category. According to one source, another scenario

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is still on the table, with transitional regions between 75 and 100% of the EU average (against 75-90% today).

Change of method for co-financing also: the ceiling of co-financing rates would be determined at national level, according to the gross national income and no longer the regional GDP (with 3 groups of states: below 75% of the EU average, between 75 and 100%, above 100% - the figures are in square brackets). The funds would be used to fund 5 major priorities (Article 7), compared to 11 thematic objectives today. The Commission must present its proposals on the future cohesion policy on 29 May.

- **AND THE MANAGEMENT AND CONTROL RULES ARE SIMPLIFIED**

The draft regulation, dated late April, seems to be in line with what the Commission promised. Amongst other things, the disappearance of the complex management and certification authority designation procedure, which had caused a lot of delay in launching the programs in 2014, and the simplification of the entire audit and control. A series of "reporting" obligations are falling by the wayside, and the performance framework is simplified with the disappearance of the performance reserve. Exit also the common strategic framework, but the partnership contracts remain, with however less prescriptions (article 9) compared to the current regulation. Program adaptations and transfers of funds between regions are facilitated, as are the rules for using financial instruments. A new instrument for small projects (Article 30) is emerging. Note a new article to prevent the structural funds from supporting relocations.

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■ European Agenda - May to October 2018

May	June	July
■ **European Parliament** **2 and 3** - mini plenary session in Strasbourg **2** - publication of the draft European Post 2020 Budget by the Commission **14 and 15** - Committee EMPL meeting **28 to 31** - plenary session in Strasbourg ■ **European Council** **17** - Informal European Summit in Sofia **25** - entry into force of the RGPD (General Data Protection Regulation) to more effectively guarantee the fundamental right of every citizen of the EU to the protection of his private life and his personal data.	■ **European Parliament** **7, 18, 19 and 28** - Committee EMPL meeting **11 to 14** - Plenary Session in Strasbourg ■ **European Council** **21 and 22** - Council of Ministers in EPSCO[1] **28 and 29** - European Council ■ **EFFE** **27** - Bureau meeting ■ **FEPEM** **26** - Congrès Innovation, Emploi & Domicile	■ **European Parliament** **2 to 5** - Plenary Session in Strasbourg **11 and 12** - Committee EMPL meeting ■ **European Council** **1st** - beginning of the rotating presidency of Austria
September	**October**	
■ **European Parliament** **6, 18 and 24** - Committee EMPL meeting **10 to 13** - Plenary Session in Strasbourg ■ **EFFE** **6** - Meeting of the informal working group at the European Parliament **24 and 25** - Policy visits for the PRODOME project (Paris) **24 to 26** - Active and healthy aging forum in Bilbao	■ **European Parliament** **1st to 4 and 22 to 25** - Plenary Session in Strasbourg **8, 9 and 18** - Committee EMPL meeting ■ **European Council** **18 and 19** - European Council ■ **EFFE** **22** - Orientation Council	

[1] Employment, Social Policy, Health and Consumer Affairs Council on social policy

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APPOINTMENTS

COMMISSION

- Change of Chief of Staff for **Federica Mogherini** - Chief of Staff of the EU High Representative for Foreign Affairs and Security Policy, **Fabrizia Panzetti** takes over the cabinet of **Udo Bullman**, President of the S & D Group in Parliament European. **Stefano Grassi,** a member of Jean-Claude Juncker's cabinet, succeeds him.
- Angelo Tino joined the press and media center team at DG CNECT
- **Omar Da Costa Gomez** is promoted senior editor and social media analyst (external) to the Commission
- **A new adviser in the EU Budget Office** - **Katarzyna Szczepanska** has joined the team of Günther Oettinger. Former assistant to the Polish MP Jan Olbrycht, who specializes in EU finance issues, she will continue to work on this topic. It also recovers the management of relations with the European Court of Auditors and works on regional policy.

PARLIAMENT

- **Angelika Pentsi** is the new spokesperson for S & D Group President Udo Bullmann.
- Nuno Almeida Eça is the new economic advisor.

FRANCE

- **Pierre Gattaz** has been elected at the head of the European Medef. He will take the head of Business Europe from July 5th. His term of office is two years, renewable once. He succeeds the Italian **Emma Marcegaglia**, in office since 2013.

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About EFFE

Created in 2012, the European Federation for Family Employment (EFFE) chaired by Marie Béatrice Levaux is based on the principles of: free choice of lifestyle and support of citizens in their homes; respect for the private home; social and citizen responsibility.

The EFFE (www.effe-homecare.eu) promotes and defends home-based employment within the European institutions: it is committed to bringing a model of social innovation to the service of European citizens through the services and jobs of the family at home, relaying the EU 2020 strategy for a "sustainable social market economy". Social inclusion is the keyword and remain at the heart of the sector as a source of economic growth through the creation of mass jobs and the fight against undeclared work.

Marie Béatrice Levaux (FEPEM) - President; **Andrea Zini** (ASSINDATCOLF) - Vice President; **Karmele Acedo** (Grupo SSI) - Secretary General; **Anita Poutard** (IPERIA-The Institute) - Treasurer.

CONTACT :

Aude Boisseuil, General Delegate (aboisseuil@fepem.fr) - +336 26 08 21 66